INFORMATION Technology ENTERPRISE

DAS

State of Iowa
EIP Impact Assessment

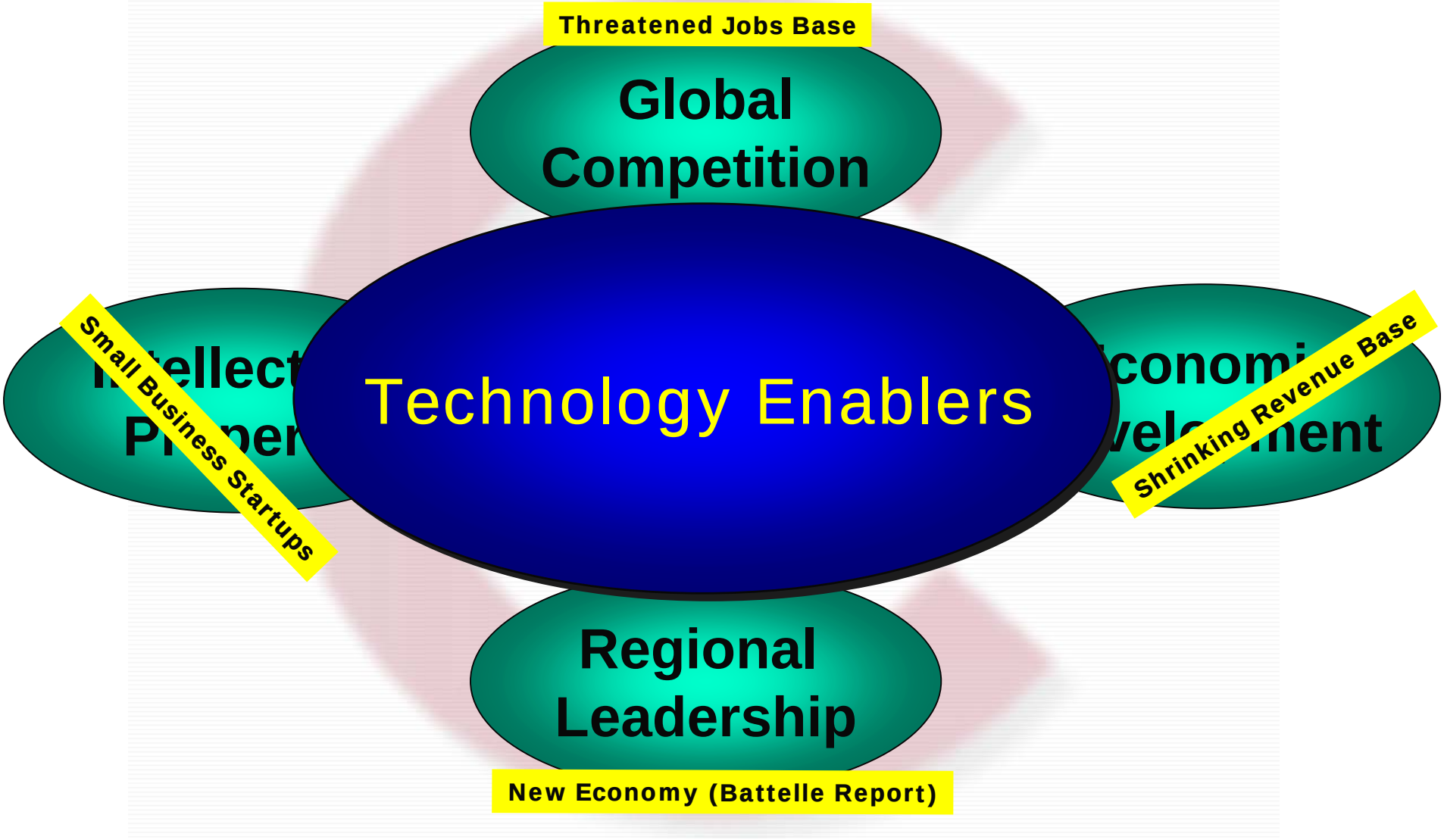
Mark A. Peterson
Managing Partner
Coeur Business Group

Coeur Business Group

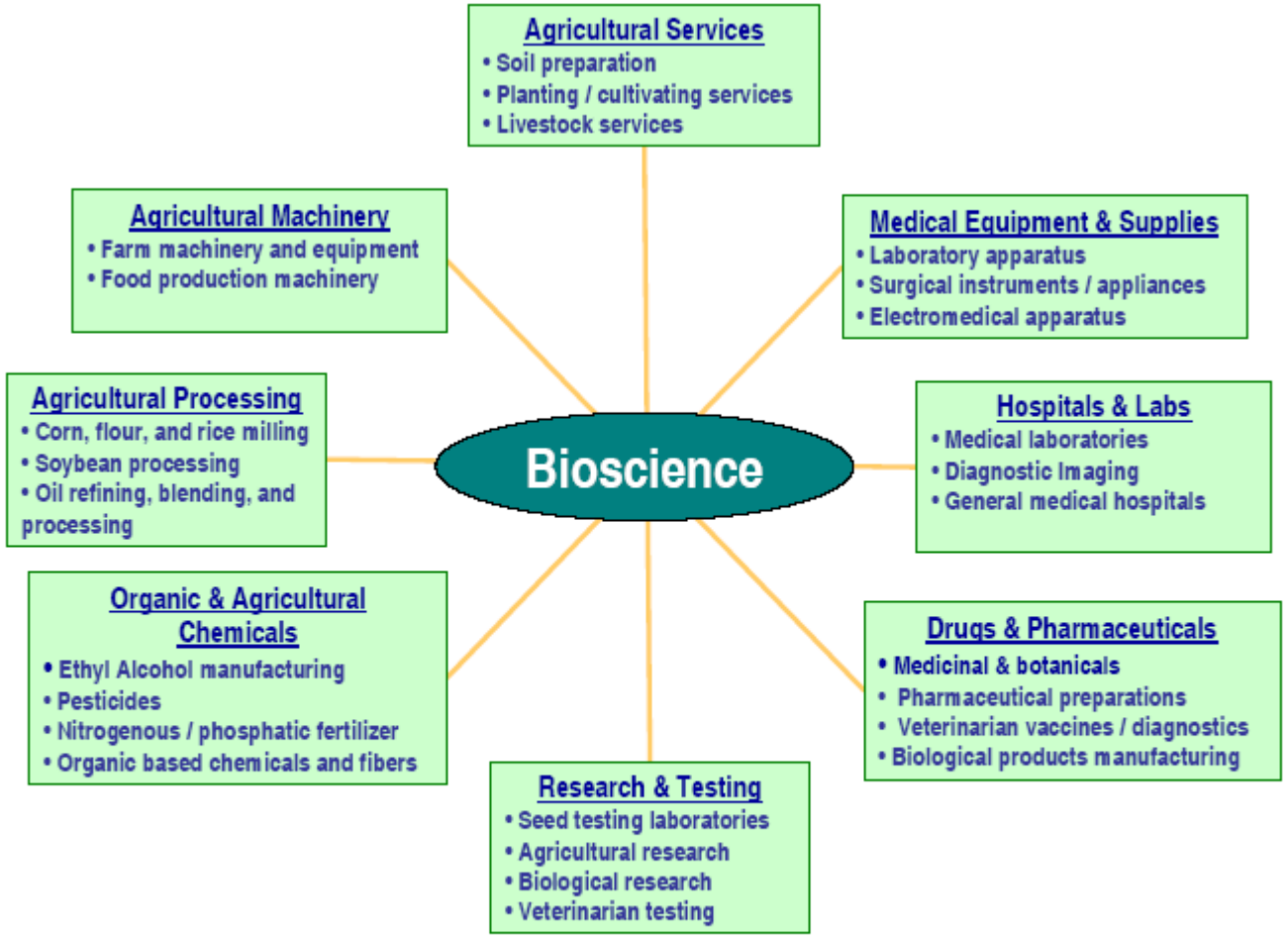
Today's Agenda

- Current Economic Climate
- Legislative Actions
- Coeur Team Introduction
- Engagement Methodologies
- Coeur Group's Approach for Iowa
  - Project Planning & Kickoff
  - Discovery
  - Scenario Development
  - Transition Recommendations
- Engagement Calendar
- Questions and Comments

Global Economic Climate



What's at Stake for Iowa?



Battelle
The Business of Innovation

xiv

What Iowa's Administrators and Legislators Are Asking...

- ***Are we selecting the right projects in order to best maximize business investment value?***
- ***Are we deploying our resources appropriately with the best structure?***
- ***Are we developing the capacity to implement projects more effectively, understand, and learn from, our project failures?***
- ***What are we doing to increase the probability of achieving expected benefits from our projects?***
- ***Do we have a framework for institutionalizing best practices and governance?***

The objectives of this engagement are to provide actionable recommendations to these questions.

Legislative Request & Scope

- ***Identification of Human Capital Ultization, its cost, structure and capabilities***
- ***Feasibility of Consolidation of Data Centers***
- ***Comparison of three models of Information Technology structure, benefits and associated costs***
- ***Review of immediate and long term cost savings (current and future views)***
- ***Government Sector "Best Practices" including performance standards and governance of the investment process***

Engagement Goals

- **Understand Departmental Business and Information Requirements**
- **Define Current State Capability**
- **Define Future Agency Business Expectations**
- **Define Technology Infrastructure Requirements**
- **Define Three Scenarios for Organizational Effectiveness**
- **Define Immediate and Long Term Cost Savings**

Project Team

Coeur Business Group

Meet Your Coeur Group Team

Business and Technology Executives

CEOs,

CIOs

Business Managers

Technology Managers

Industry Innovators in Methodology

Developed Methodologies utilized by many of the big 3, IBM, HP, etc.

Evolving new methods for state non-tax revenue steams

Driving Economic development and Venture Capital attraction to states

Trusted Advisor Relationships

Repeat Client business through corporate changes

Trust relationships from valued advising and action recommendations

Coeur Business Group

Mark Peterson – Engagement Manager

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Tim Myers – Deputy Engagement Manager

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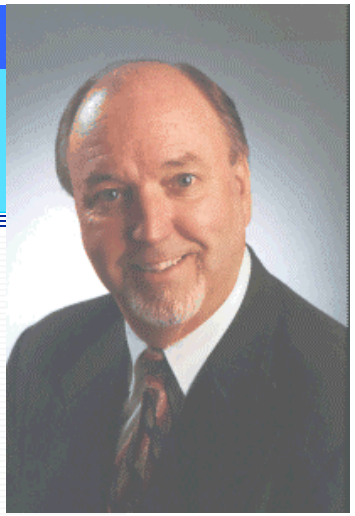
Managing Partner – Mark Peterson



Experienced Executive

(SVP, CIO, CEO)

Methodology Developer

Organizational Agility

Business Value Alignment

Innovation and Commercialization

Organizational Expertise

Technology Background

(US Navy, Honeywell, Digital Equipment Corporation, QORE Business Solutions, Sentry, META Group)

Innovator in Cost Reductions and Revenue Stream Development

Experienced Practitioner, Local, State, Federal

Partner Bios – Tim Myers

Executive Experience

(VP, CFO, Director)

Experienced Senior Technologist

Financial Expertise

Vendor Management and Relations Expertise

Telecommunications Expertise

Technology Background

(JCPenney, CompUSA, CDS, WAN Technologies, Coeur Group)

Government Experience at National, State, and Local Levels

Experienced Practitioner

Partner Bios – Mike Trausch

Experienced Senior Business Management

(Director, SVP)

Financial Expertise

Cost Reduction and Budgeting Strategies

Business Process Re-design

Merger/Acquisition

Organizational Design

Executive Trainer

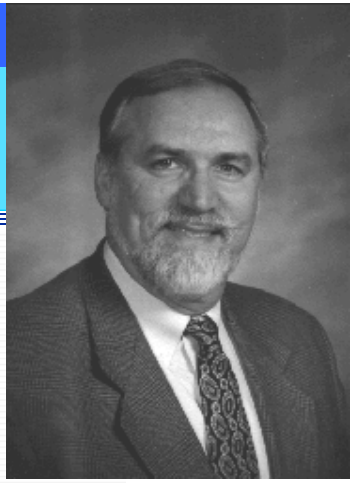
Technology Background

(Talisen Technologies, Boeing/McDonnell Douglas)

Government Experience, State and Federal

Experienced Practitioner

Partner Bios – Bill Leggett



Experienced Executive

(Director, SVP)

Sourcing and Cost Reduction Strategies

Operational Excellence & Performance

Technology Background

(Digital Equipment Corp., Compucom VP, QORE Business Solutions Partner, Adobe Systems)

Government Experience, State and Federal

Digital Equipment Corporation's Government Sector Practice Lead

Experienced Practitioner

Government, Healthcare and Federal Department Experience

Partner Bios – M. Kevin Williams

Experienced Executive

(Director, CIO, SVP)

Data Center & Operational Leadership

Sourcing and Cost Reduction Strategies

Technology Background

(Anheuser-Busch Companies)

Fortune 500 Technology Operations

Experienced Practitioner

Analysts

Gordon Alloway,

Senior Analyst, Coeur Group

Expertise: *Business and Technology Innovation Management & Research, Financial analysis, economic analyst*

Steve Rollins, MBA, PMP:

Coeur Group Fellow and Chief Project Management Office Strategist

Expertise: *Project Management Organization development, PMI certification and training, project inventory and cost efficiencies, project rescue programs, author "Advanced Project Portfolio Management and the PMO" (Ross Publishing).*

Don Ratajcek PhD, *Strategic Economic Advisor*

Expertise: *Georgia State University, Regent's Professor of Economics Emeritus, developer of the Consumer Price Index (CPI), advisor to Coeur Group on financial trends and global economic climate.*

Executive Advisor – Robert Cawly

Experienced Executive

(SVP, CEO, Futurist, Venture Capitalist, Strategist)

Strategist and Methodology Developer

IT as a Business

Economic Genome

Value Sourcing Methodology

Venture Capital and Risk Management

Technology Background

(PWC, Safeguard Scientific, Sentry Technology Group, META Group, Executive Venture Partners, Brainwork's Ventures, Coeur Group)

Revenue Stream Development

Lab to Market Methodology – Research Technology Transfer

Experienced Practitioner

Objective & Methodology

Coeur Business Group

Key Methodologies

Business Architecture

- Asset Leverage Strategies
- Value Capture Strategies
- Asset Innovation Strategies
- Vendor Performance Management

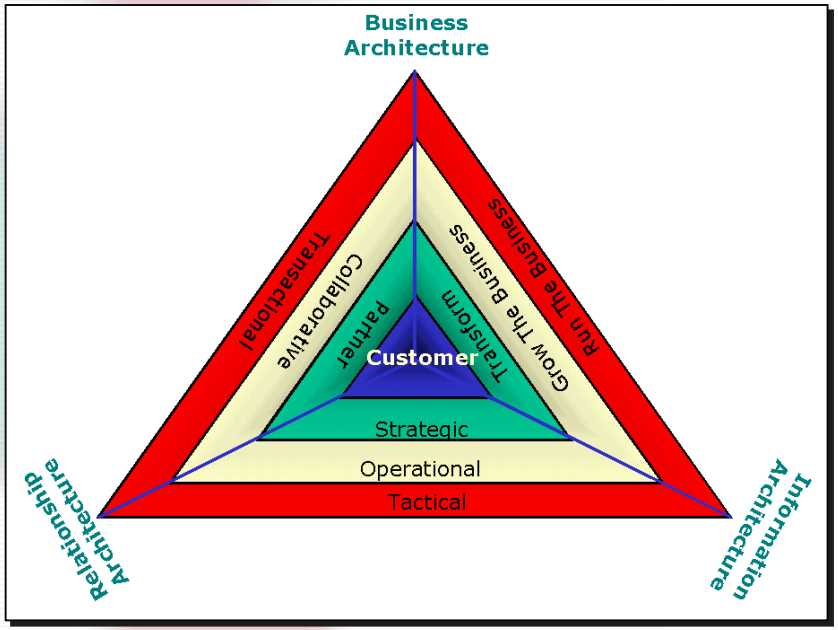
Information Architecture

- IT Portfolio & Investment
- IT Architecture & Governance
- Value Sourcing Implementation
- Organizational Agility
- Value Centric Cost Reductions

Relationship Architecture

- Relationship Management
- Performance Based Supplier Management

3-D Value Accretion Framework

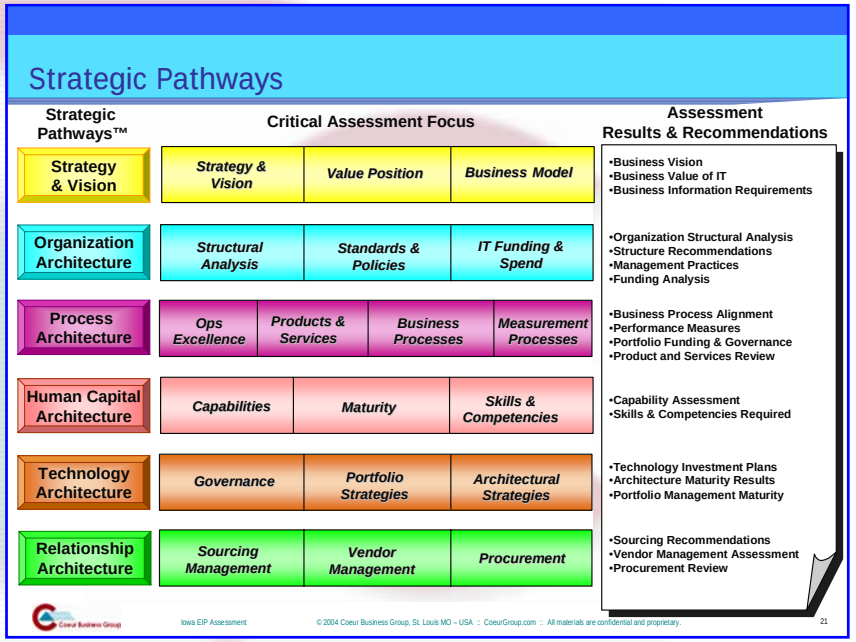


Organization Assessment Model

Supporting the State's Operations

- **Value of IT to the State**
- **Increase Effectiveness**
- **Leverage Assets and Resources**
- **Define Maturity of Infrastructure**
- **Scorecards & Measures**
- **Generate and Capture Value**
- **Portfolio Management Capability**
- **Governance Methods/Processes**
- **Transformation Capabilities**
- **Collaboration & Innovation**
- **Credibility and Dependency**

Assessment Pathways



Focus on Operations of the State

What is The Value of Information Technology?

Business

Firm Grasp of IT Business Value
Position Role and Use of IT within Business
Respond to Competitive Technology Opportunities or Threats
Time Critical Deployment of IT
Develop and Maintain Competitive IT Capability
Continual IT Business Alignment

Leadership

Establish and Align Expectations for IT
Reskill IT Personnel to be Business Literate
Establish and Maintain IT Processes
Promote and Drive IT Value Initiatives
Manage Change and Culture Issues
Measure and Communicate Value of IT

Technology

Deploy and Maintain Applications
Establish Stable and Reliable Operations
Deploy & Maintain Infrastructure
Establish and Maintain Sourcing Strategies
Manage Technology Obsolescence
Manage Critical Risks

Defining the 3 Scenarios

IT as a Business Discipline

- **Assess Current State of ITE**
- **Develop three Scenarios**
- **Provide Impact of Each Organizational Model to the State**

The Project

Review Current State
Review Industry trends, Vision, Stakeholders, Architecture, Infrastructure

Discovery & Analysis

Assess the Findings
Define Gaps, Gain Perceptions/expectations, Develop Business Agenda

Detailed Interviews
Departmental Business Agenda and Information Requirements

Recommendations

3 Key Scenarios

Develop Strategy
Actionable Recommendations, Organizational Scenarios

Project Phases

- Phase 1
  - *Project Initiation and Kickoff*
- Phase 2
  - *Current State Discovery*
- Phase 3
  - *Scenario Development*
- Phase 4
  - *Organizational Recommendations*

Phase 1- Project Initiation and Kickoff

- Key Activities
  - Project Plan Overview Session
  - Define Project Calendar
  - Project Team Identification
  - Complete Project Team Contact List
  - Stakeholder Review
  - Develop Project Charter
  - Develop Project Communications Plan
  - Conduct Initial Documentation Review
  - Executive Review
  - Complete Detailed Project Plan
  - Executive Sponsor Review and Validation

Goals of This Phase

Define the Project Focus

Determine Detailed Schedule of Events

Outcomes: A Clearly Defined Project Approach and Communications Plan

Phase 2- Current State Discovery

- Key Activities
  - Common Vision Requirements
  - IT Value Perception Survey
  - Stakeholder Interviews
  - Identify Business Drivers
  - Identify Information Requirements
  - Identify Operational Capacity
  - Identify first round improvement recommendations

Goals of This Phase

Determine Departmental Requirements

Define Current State Gaps

Understand Capabilities

Outcomes: Develop a Gap Analysis, Understand Department Expectations, and Define Initial Improvement Recommendations

Phase 3- Scenario Development

- Key Activities
  - Review Phase 2 Findings
  - Gap Analysis
  - Develop 3 Scenarios and Cost Elements
  - Collaboration and Validation with EIP Steering Committee
  - Executive Reviews
  - Scenario Presentation and Review

Goals of This Phase

Recommend Improvement Actions

Develop Appropriate Scenarios

Address Cost, Resource and Organizational Impact

Outcomes: 3 Recommended Scenarios for Organizational Impact (Cost, Resource, and Efficiency)

Phase 4- Final Recommendations

- Key Activities
  - Organizational Construct Development
  - 3 Dimensional Reviews on Organizations
  - New Organization Model
  - Define High Level Charter
  - Draft Reviews
  - Final Plan Presentations
  - Final Recommendations and Signoff

Goals of This Phase

Develop Final Scenario Recommendations

Provide Final Improvement Findings and Recommendations

Provide Final Presentation and Updates

Outcomes: Provide Final Scenario Recommendations and Key Actionable Recommendations for Improvements

Key Results and Outcomes

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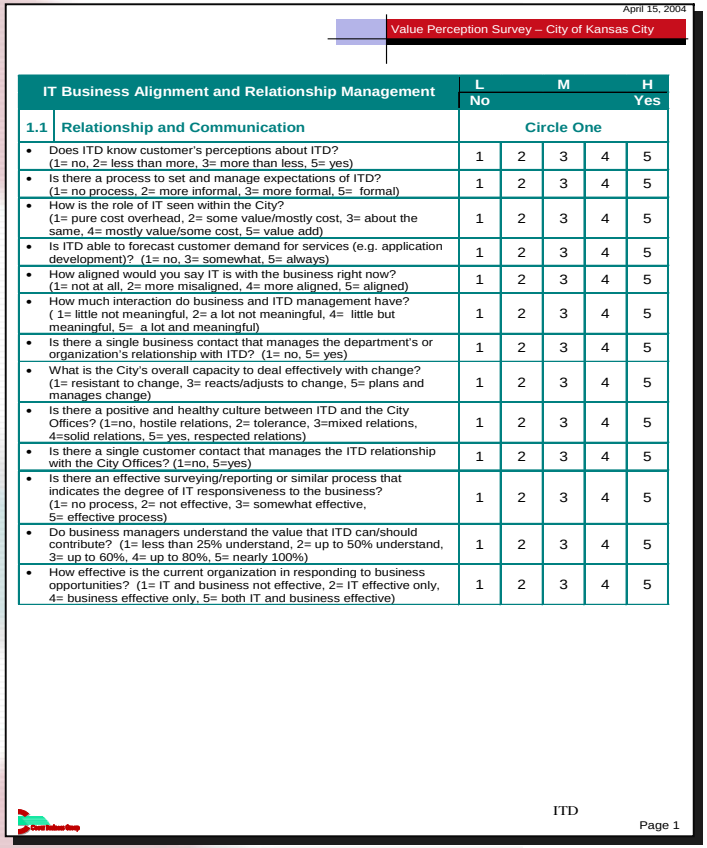
Management Perceptions of Value

Value of IT Assessment

- **Executive Views & Perceptions**
- **IT Views and Perceptions**
- **Gap Analysis**
- **"Best Actions to Best Practices"**



April 15, 2004

Value Perception Survey – City of Kansas City

IT Business Alignment and Relationship Management	L No		M		H Yes
1.1 Relationship and Communication	Circle One				
• Does ITD know customer's perceptions about ITD? (1= no, 2= less than more, 3= more than less, 5= yes)	1	2	3	4	5
• Is there a process to set and manage expectations of ITD? (1= no process, 2= more informal, 3= more formal, 5= formal)	1	2	3	4	5
• How is the role of IT seen within the City? (1= pure cost overhead, 2= some value/mostly cost, 3= about the same, 4= mostly value/some cost, 5= value add)	1	2	3	4	5
• Is ITD able to forecast customer demand for services (e.g. application development)? (1= no, 3= somewhat, 5= always)	1	2	3	4	5
• How aligned would you say IT is with the business right now? (1= not at all, 2= more misaligned, 4= more aligned, 5= aligned)	1	2	3	4	5
• How much interaction do business and ITD management have? (1= little not meaningful, 2= a lot not meaningful, 4= little but meaningful, 5= a lot and meaningful)	1	2	3	4	5
• Is there a single business contact that manages the department's or organization's relationship with ITD? (1= no, 5= yes)	1	2	3	4	5
• What is the City's overall capacity to deal effectively with change? (1= resistant to change, 3= reacts/adjusts to change, 5= plans and manages change)	1	2	3	4	5
• Is there a positive and healthy culture between ITD and the City Offices? (1=no, hostile relations, 2= tolerance, 3=mixed relations, 4=solid relations, 5= yes, respected relations)	1	2	3	4	5
• Is there a single customer contact that manages the ITD relationship with the City Offices? (1=no, 5=yes)	1	2	3	4	5
• Is there an effective surveying/reporting or similar process that indicates the degree of IT responsiveness to the business? (1= no process, 2= not effective, 3= somewhat effective, 5= effective process)	1	2	3	4	5
• Do business managers understand the value that ITD can/should contribute? (1= less than 25% understand, 2= up to 50% understand, 3= up to 60%, 4= up to 80%, 5= nearly 100%)	1	2	3	4	5
• How effective is the current organization in responding to business opportunities? (1= IT and business not effective, 2= IT effective only, 4= business effective only, 5= both IT and business effective)	1	2	3	4	5

ITD

Page 1

Defines an Immediate Business Value Agenda

Perceptions of the Ideal Supplier?

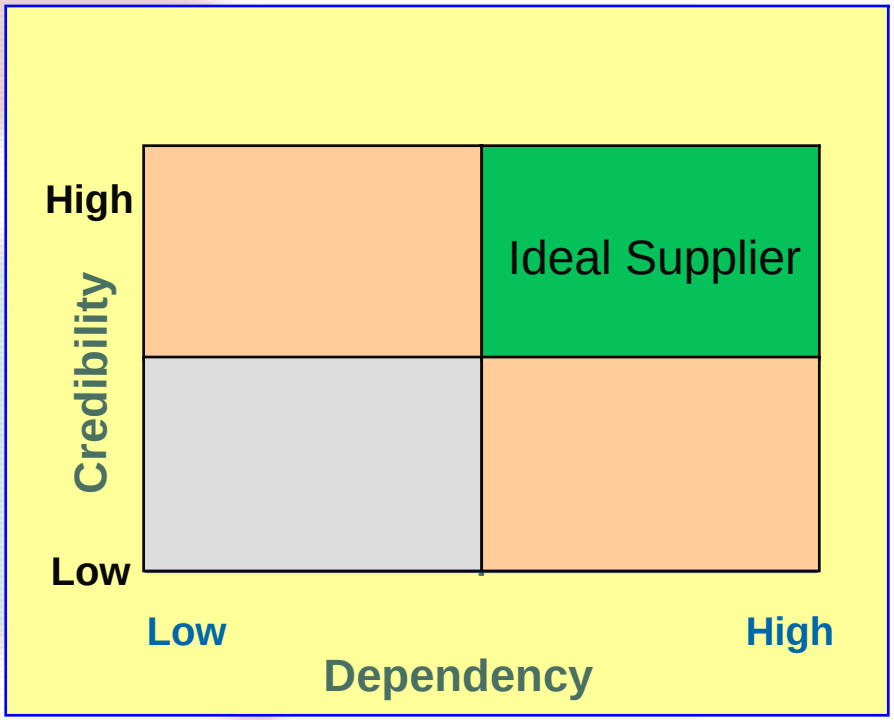
What is the Credibility of IT and ITE with the State's Departments?

What is believable about Iowa Information Technology Organizations?

How can trust levels be increased?

Do you know how expectations are set?

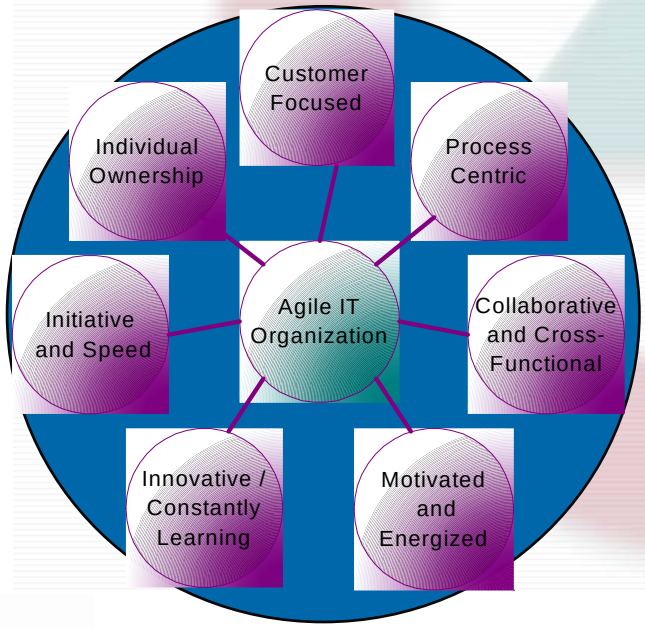
Why is any of this this important?



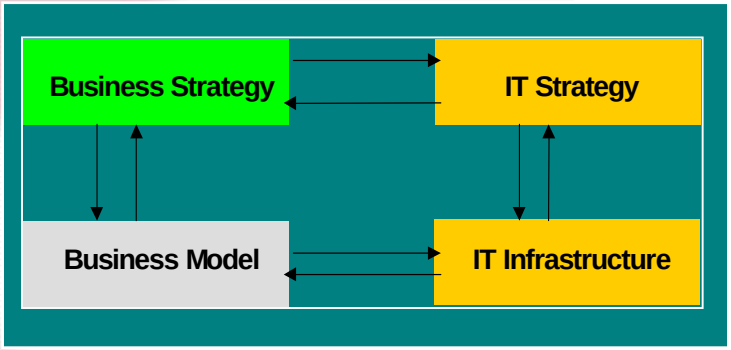
Strategic Alignment and Agility

Attributes of Agile Organization

- ***Client Focused***
- ***Process Centric***
- ***Collaborative***
- ***Energized***
- ***Innovative***
- ***Responsive***
- ***Ownership***



Assess linkages between …



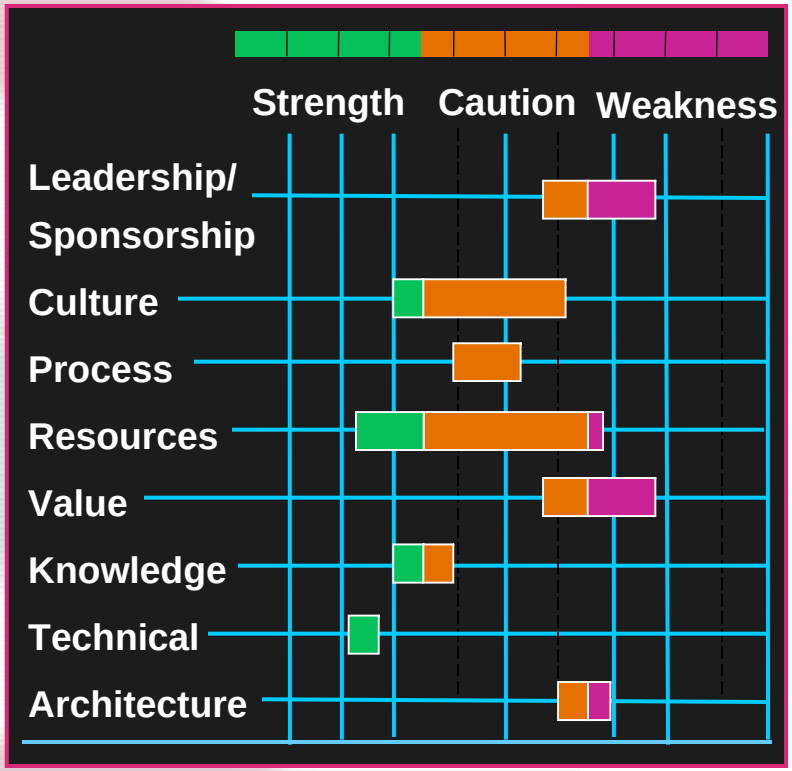
Alignment with Iowa's Vision

- ***Business requirements of Agencies, Legislature and Constituents***
- ***Mapping Strategic Linkages***
- ***Operational Models***

Ready for Change?

- **Have your strategic planning processes produced a clear vision and appropriate mission objectives?**
- **Is the organization ready for change?**
- **Are the enabling processes and infrastructure available?**

Readiness Assessment

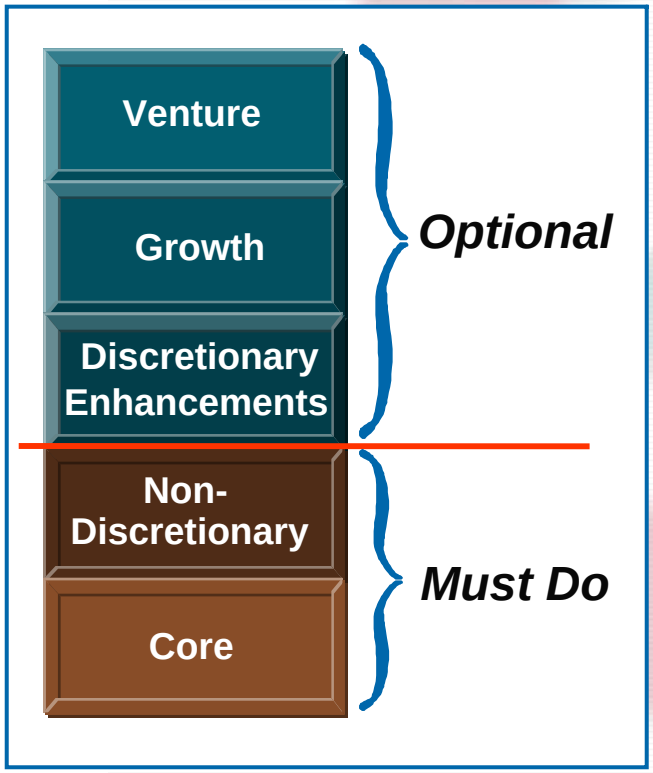


Cost/Benefit of Various Organization Structures

Historical Spend Patterns

Spend to Standards/non-Standards

Functional Cost/Benefit



Historical Spend Analysis

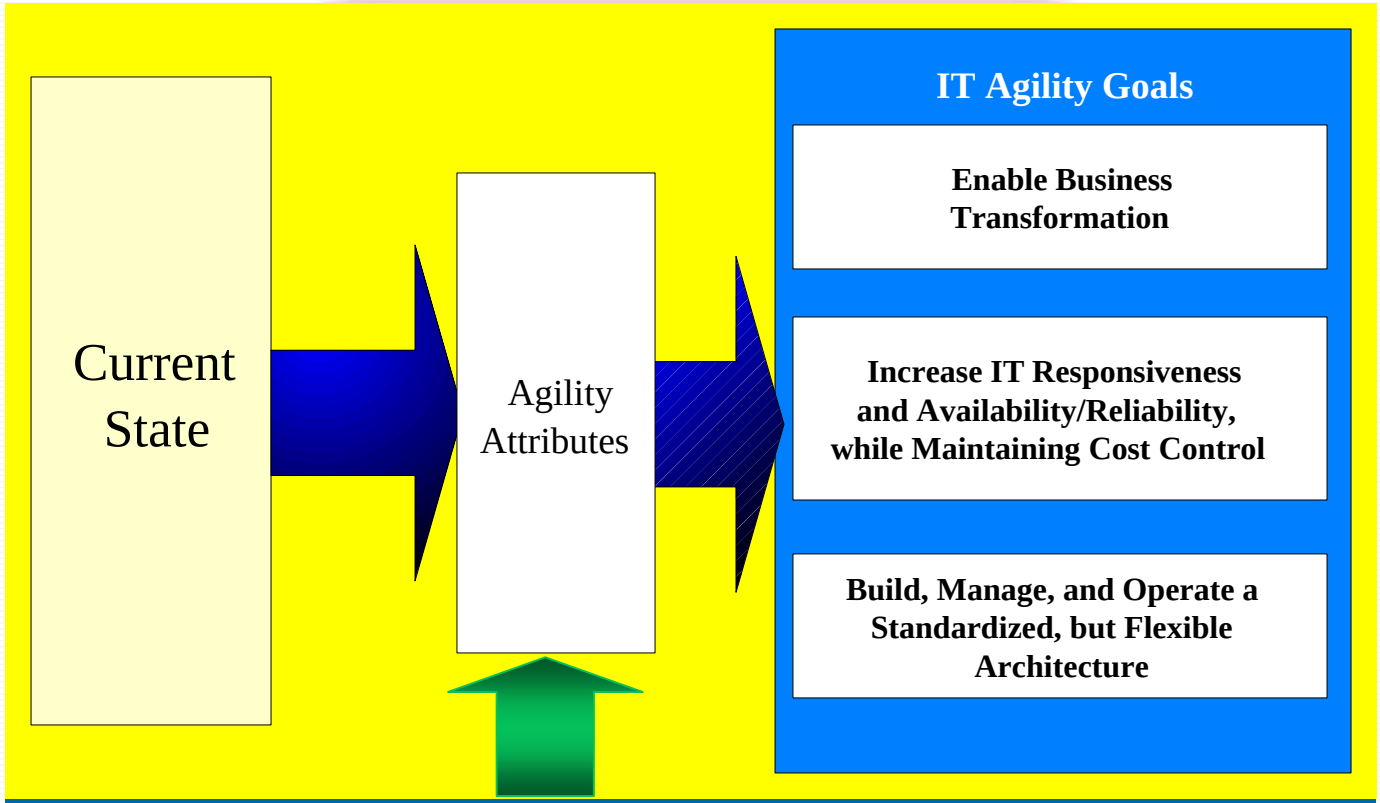
IT Value Analysis
Page 5 of 8

IT Infrastructure Betterment Investment
As of 12/31/02

Category (millions)	Replacement (Market)	Current Year Spending	Year 1	Year 2	Year 3
Platforms	$52	$6	$4	$4	$3
Telecommunications	19	3	2	1	1
Desktops	25	4	3	2	1
Software	31	5	5	2	2
Tools	15	2	1	1	1
Total	$142	$20	$15	$10	$8
Personnel	NA	15	16	17	18
Total	NA	$35	$31	$27	$26
% Completed/ Replacement Value		80% $142	90% $170	95% $185	100% $195

Scenario Development

Organizational Agility Means
Thinking, Acting, and Coordinating Differently



- **Thinking** - Process-centric, Customer Focused, and Individual Ownership
- **Acting** - Initiative and Speed
- **Coordinating** - Collaboration, Cross-functional, and "Boundaryless"

Techtonics (Permanent Catalyst of Future Innovation)

•Pervasive connectivity:

•Annual price/performance improvements (e.g., 20%-30%), broad geographic availability of "always-on" broadband access to the matrix (e.g., worldwide networks), and the ability to proxy the presence of individuals, processes, enterprises, and information through diverse device types fosters a totally connected, "always-on" lifestyle, and drives human capital and business process decentralization

•Information utility ubiquity:

•Device innovation extends computing services well beyond social, physical, professional, and political bounds; intelligent devices enable increasingly distributed "any location, any time, and any environment" information utility through increasingly distributed and independent decision making, communication, and work processes

•Ergonomic interface:

•Dynamic configuration (e.g., user-selectable) of human-to-system interaction encompassing multisensory styles (e.g., sight, voice, touch) accelerates self-service application ubiquity and diversity in application rendering styles

•Information storage:

•Explosive price/performance and capacity improvements (e.g., faster than microprocessor) drive digital management (e.g., capture, store, manage, and reproduce with contextual validity) of information products and physical integration with diverse media types in increasingly distributed, frequently disconnected, and demanding information utility scenarios

•Communication access transparency:

•Explosive expansion in information access types exceeds acceptable user levels and accelerates logical disintermediation of controlling software program from underlying data file; ergonomic interface device renders software program transparency and shifts the value proposition toward utility of a file's contents or source feed

•

•Mass security customization:

•Profile-based granular security services promote process externalization, yet remain sensitive to user behavior (e.g., known and unknown), device types, location, and information content

Transformation Report

Transition Roadmap

Strategic Alignment

- *Business Acumen*
- *Organizational Impact*
- *Risk and Mitigation*

Process & Operational

- *Departmental Business Drivers*
- *Departmental Information Requirements*
- *Cost Savings*

Human Capital

- *Organizational Structure*
- *Human Capital Impact*
- *Cultural Impacts*

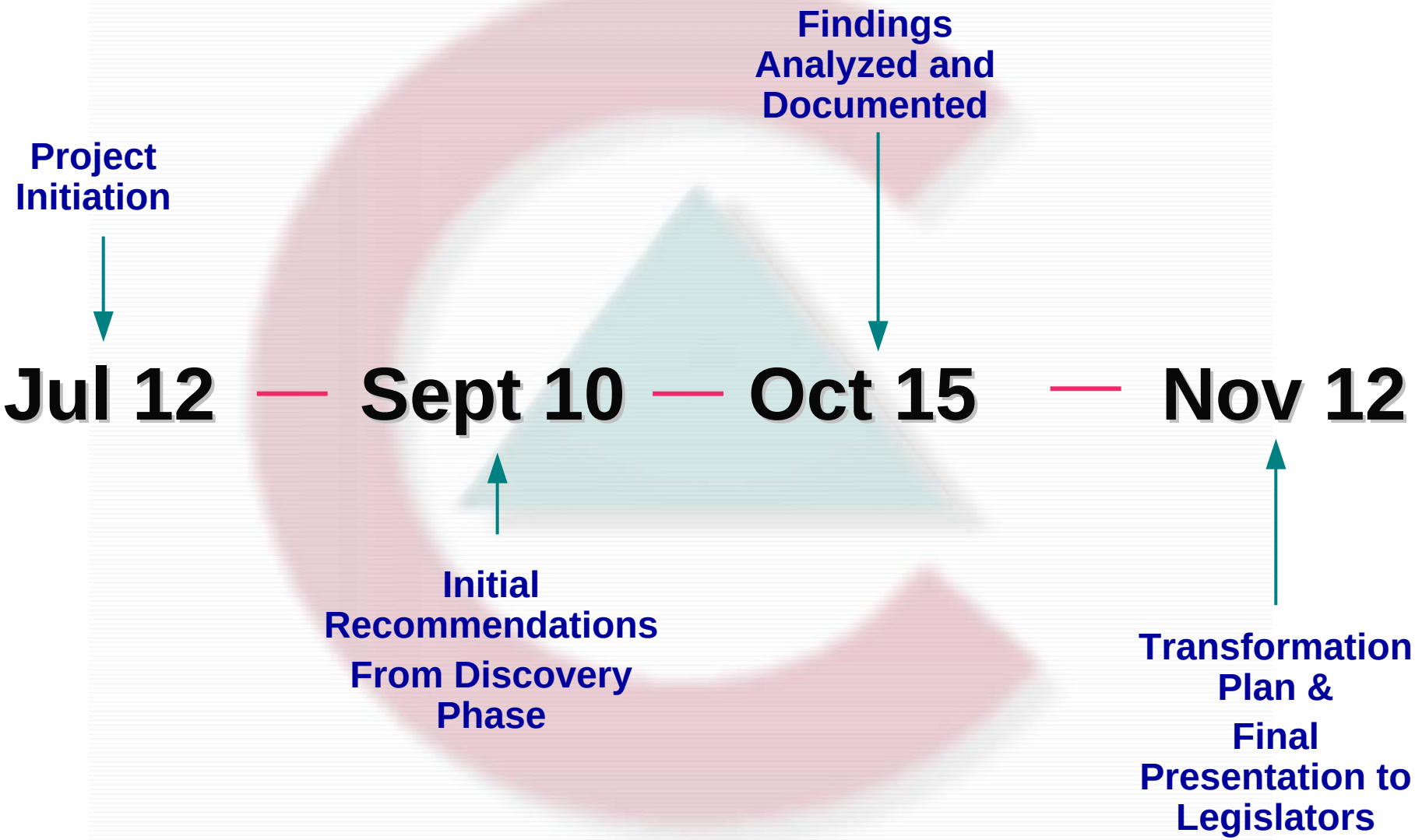
Technology Capabilities

- *Data Center Recommendations*
- *Consolidation Impact*

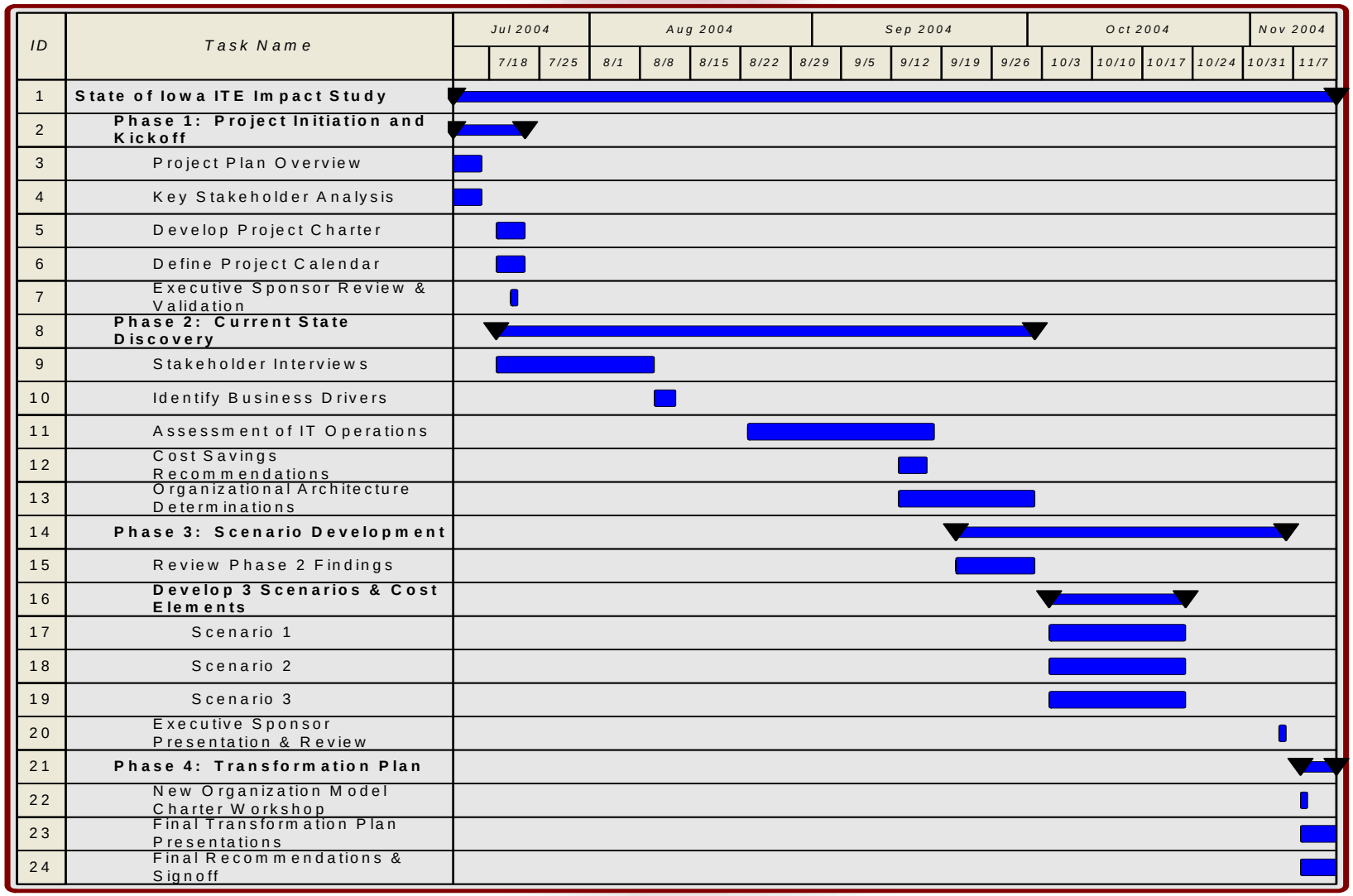
Trends

- *Experience of other States and Federal Entities*

Project Timeline



Project Plan



Recommended EIP Steering Committee Meetings

Project Planning & Initiation Session	July 23, 2004
Discovery & Initial Findings Update	August 27, 2004
Scenario Development Review #1	September 24, 2004
Scenario Development Review #2	October 8, 2004
Scenario Review and Validation #3	October 22, 2004
Draft Recommendations Session	November 5, 2004
Final Recommendations Presentation	November 12, 2004
Legislative Presentation	December, 2004

Coeur Group's Value Proposition

Coeur Business Group

Four Client and Value Focused Practices

Government Innovation Practice:
Support of local, state and federal government organizations to provide innovative approaches to utilization of technology including an innovation to commercialization process for development of non-tax based revenue streams.

Commercial Services Strategies Practice:
Providing critical business and technology alignment through strategy, organizational development and architectural planning. Create strategies for development of enterprise resource planning capabilities, customer relationship management and channel development.

Health Care Strategies Practice:
Developing operational excellence for the healthcare industry clients including hospital groups and health care insurance provider networks. Specializing in technology investment funding processes and governance with value performance scorecard integration.

Innovation Commercialization Practice:
Utilizing a proprietary and industry-leading Lab to Market methodology to increase the velocity of developing and commercializing research and technology innovations.

Coeur Group Practices

Value Transformation Programs

IT Strategic Planning

Understand the future needs of an organization's various business lines to create a roadmap of required IT investments and the associated enterprise architecture.

Investment Management and Governance

Promote the maximization of business value by thinking, acting and coordinating differently to improve investment performance

Performance Based Sourcing and Relationship Management

Selective sourcing strategies that optimize IT service delivery (outsourcing, performance-based vendor management and procurement excellence) and improve both internal and external relationship management.

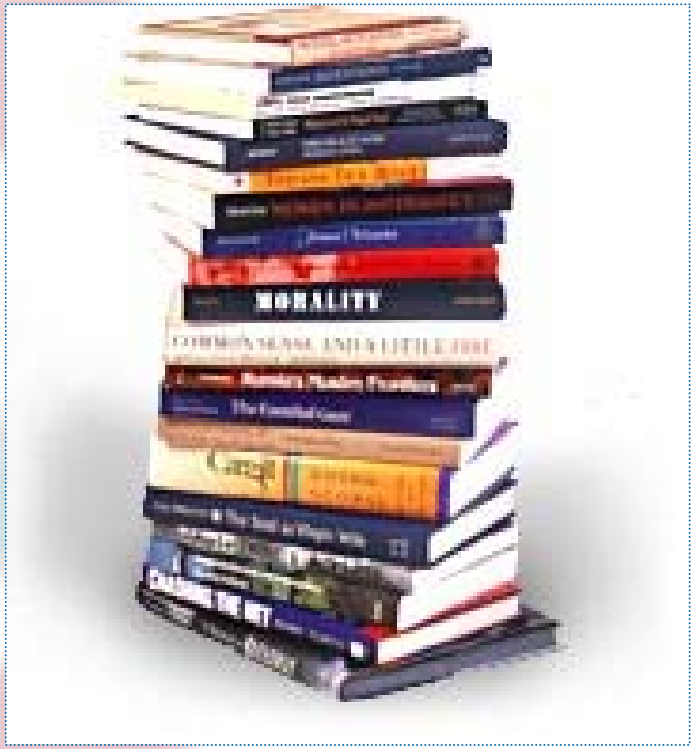
Organizational Innovation and Transformation

Provide critical capabilities enabling organizations to respond rapidly to changing business conditions while integrating strategically, functionally, and operationally to guarantee rapid ROI. Enables the organization to deliver capabilities, products and services in streamlined cycle times by providing the environment, performance measures and motivation to innovate.

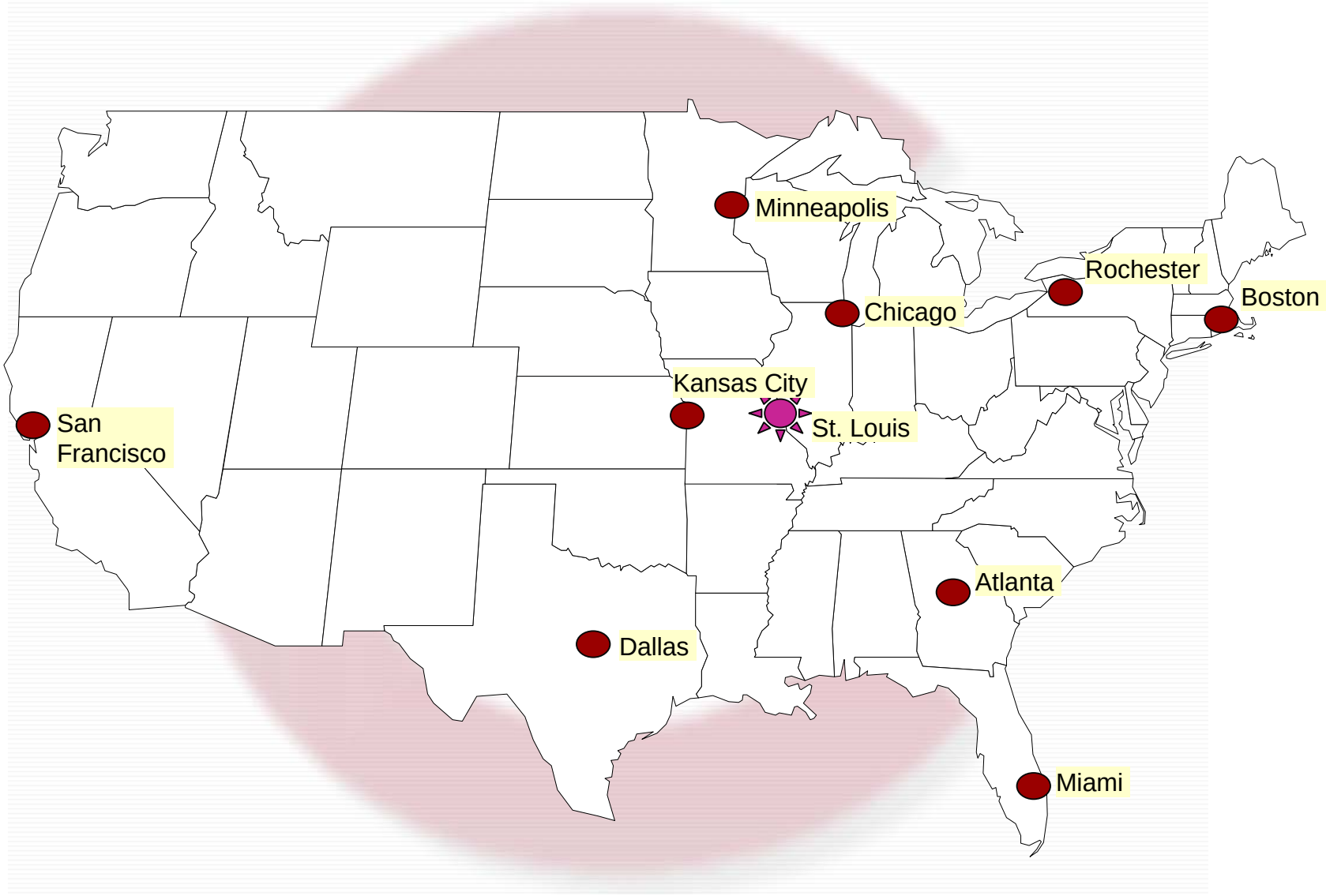
Lab To Market

Specifically for state governments and research institutions, this methodology allows the development of non-tax-based revenue streams. Our methodology provides a systematic approach for enabling collaboration, identifying key research assets with high commercial value, and developing credible business opportunities, all to increase returns for the states' stakeholders.

Coeur Group Methods



Located to Serve You



What Legislators Want to Know

How much improvement is possible?

Project Guiding Principles

- **We will endeavor to communicate effectively and often to help ensure we maximize the understanding and knowledge transfer between individuals and groups**

- **We intend to plan for preparation and debrief time before and after each event (meeting, training session or work session)**

- **We will use agendas for each meeting or session. We will endeavor to prepare attendees with an agenda before hand. As a minimum, an agenda will be validated and/or defined, at the beginning of the meeting**

- **All team work effort should have a direct line of sight to the EIP Assessment project as well as linkage to the business' operational strategies**

Questions